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Securities Code: 8011

May 12, 2026

Start date of measures for electronic provision: May 1, 2026

To our shareholders:

Shinji Oe, Representative Director and President  
**SANYO SHOKAI LTD.**  
6-14 Yotsuyahonshio-cho, Shinjuku-ku, Tokyo

## **Notice of the 83rd Annual General Meeting of Shareholders**

We hereby inform you of the 83rd Annual General Meeting of Shareholders of SANYO SHOKAI LTD. (the “Company”), which will be held as indicated below.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters subject to the electronic provision measures) in electronic format, and posts this information on the following websites. Please access any of the websites by using the internet addresses shown below to review the information.

The Company’s website:

<https://www.sanyo-shokai.co.jp/en/ir/shareholder/meeting/>

You can conveniently access the convocation notice on the following website, which also provides financial highlights such as performance trends. We hope you find the information helpful and informative:

<https://p.sokai.jp/8011/> (in Japanese)

Note: The matters subject to the electronic provision measures are also posted on the TSE website (Listed Company Search), in addition to the Company’s website. For more details, please refer to the next page.

If you are unable to attend the meeting in person, you may exercise your voting rights via the Internet or in writing (by mail). Please review the Reference Documents for General Meeting of Shareholders and exercise your voting rights.

1. **Date and Time:** Thursday, May 28, 2026, at 10:00 a.m. (JST) (Reception: from 9:00 a.m.)
2. **Venue:** Convention hall Ruri, Hotel Grand Hill Ichigaya (East Wing, third floor)  
4-1 Ichigaya Honmuracho, Shinjuku-ku, Tokyo

### 3. Purpose of the Meeting

#### Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 83rd fiscal year (from March 1, 2025 to February 28, 2026), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 83rd fiscal year (from March 1, 2025 to February 28, 2026)

#### Matters to be resolved:

<Proposals by the Company (Proposals No. 1 through No. 3)>

- |                       |   |
|-----------------------|---|
| <b>Proposal No. 1</b> | Appropriation of Surplus                          |
| <b>Proposal No. 2</b> | Election of Seven Directors                       |
| <b>Proposal No. 3</b> | Election of Two Audit & Supervisory Board Members |

<Proposal by Shareholders (Proposal No. 4)>

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| <b>Proposal No. 4</b> | Appropriation of Surplus (Special Dividend) |
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### 4. Handling of votes

- (1) If a voting right is exercised both in writing and via the Internet or other means, the online vote shall be deemed effective.
- (2) If a voting right is exercised via the Internet more than once, the last vote shall be deemed effective.
- (3) If there is no indication of approval or disapproval to each proposal on the voting form, the Company's proposals will be treated as "approve" and shareholder proposal as "reject."

The matters subject to the electronic provision measures are also posted on the TSE website (Listed Company Search), in addition to the Company's website. To view them, access the TSE website, enter "SANYO SHOKAI" in "Issue name (company name)" or the Company's securities code "8011" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting]."

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

- If you are attending the meeting in person, you are kindly requested to submit the voting form sent out with this notice at the reception desk.
- Among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and the Articles of Incorporation of the Company, the following matters are not provided in the paper-based documents delivered to shareholders who have made a request for delivery of such documents. In addition, the Audit & Supervisory Board Members and the Financial Auditor have audited the documents subject to audit, including the following matters.
  - (i) Notes to the Consolidated Financial Statements
  - (ii) Notes to the Non-consolidated Financial Statements

Please note that for this General Meeting of Shareholders, we send paper-based documents containing information excluding the items subject to electronic provision, regardless of whether a request for delivery of such documents has been made.

- If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the Company's website stated on the previous page and the TSE website.

## Reference Documents for General Meeting of Shareholders

<Proposals by the Company (Proposals No. 1 through No. 3)>

### **Proposal No. 1**      Appropriation of Surplus

While strengthening our management structure, we consider return of profit to the shareholders to be one of the most important management matters. We plan to set the dividend per share for the current fiscal year at ¥70, representing a dividend on equity ratio (DOE) of 4%, as detailed below. Combined with the interim dividend of ¥69, this brings the total annual dividend to ¥139 per share.

Year-end dividends

- (1) Type of dividend property  
To be paid in cash.
- (2) Allotment of dividend property to shareholders and the aggregate amount  
¥70 per common share of the Company  
Total payment: ¥713,742,260
- (3) Effective date of distribution of surplus  
May 29, 2026

**Proposal No. 2** Election of Seven Directors

The terms of office of all seven Directors will expire at the conclusion of this meeting. In this regard, the Company proposes the election of seven Directors.

The candidates for Director are as follows.

Candidate No.	Category	Name	Gender	Current position, responsibility in the Company, etc.	Number of years in office	Attendance at meetings of the Board of Directors
1	Reelection	Shinji Oe	Male	Representative Director Chief Executive Officer & President	6 years	16/16 (100%)
2	Reelection	Yoshiki Hirabayashi	Male	Outside Director	1 year	*13/13 (100%)
3	Reelection	Ikuro Kato	Male	Director and Executive Vice President, General Manager of Operation Headquarters, and General Manager of Business Headquarters	6 years	16/16 (100%)
4	Reelection Outside Independent	Chihiro Nihashi	Male	Outside Director	6 years	16/16 (100%)
5	Reelection Outside Independent	Ikuo Yasuda	Male	Outside Director	6 years	15/16 (94%)
6	Reelection Outside Independent	Kayo Murakami	Female	Outside Director	3 years	16/16 (100%)
7	New Outside Independent	Yoshiro Hamada	Male	—	—	—

Reelection: Candidate for Director to be reelected

New: Candidate for Director to be newly elected

Outside: Candidate for Outside Director

Independent: Independent officer as provided for by the securities exchange

\*Indicates status after taking office on May 29, 2025.

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<p style="text-align: center;">Shinji Oe (August 27, 1947)</p> <p style="text-align: center;">Reelection</p>	<p>Apr. 1971    Joined Mitsui &amp; Co., Ltd.</p> <p>July 1997    General Manager of Textile Department 3</p> <p>July 2004    Administrative Officer, Deputy General Manager of Consumer Service Business</p> <p>June 2007    Director, Senior Managing Director and General Manager of Corporate Planning Headquarters of GOLDWIN INC.</p> <p>Apr. 2010    Director, Vice President, General Manager of Corporate Planning Headquarters and General Manager of Business Management Headquarters</p> <p>Apr. 2014    Director, Vice President and Assistant to the President</p> <p>June 2016    Director and Advisor</p> <p>June 2018    Advisor</p> <p>Apr. 2019    Senior Adviser</p> <p>Mar. 2020    Joined the Company, Executive Vice President</p> <p>Apr. 2020    Executive Vice President and General Manager of Corporate Management Headquarters</p> <p>May 2020    Representative Director Chief Executive Officer &amp; President, and General Manager of Corporate Management Headquarters</p> <p>Mar. 2023    Representative Director Chief Executive Officer &amp; President (current position)</p>	38,437 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Shinji Oe has experience in the management of a listed company in the textile and apparel industry. In addition to his extensive knowledge and experience in the apparel industry from material sourcing through to sales, he has a proven track record of restructuring businesses as a manager. He has provided leadership in the formulation and execution of the Medium-term Business Plan for the Company. The Company has determined that he has the suitable qualifications for leading the Company, including a wealth of experience in the business, international experience, and knowledge of legal and financial matters as a manager. Upon approval of this proposal at this General Meeting, we expect him to assume the position of Representative Director Chair following approval by the Board of Directors meeting to be held immediately after the conclusion of this General Meeting. We expect him to continue to be a member of the Nomination and Compensation Committee (an optional committee) after his election.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	<p style="text-align: center;">Yoshiki Hirabayashi (February 1, 1963)</p> <p style="text-align: center;">Reelection</p>	<p>Apr. 1986      Joined MITSUI &amp; CO., LTD.</p> <p>July 2008      Vice President of Mitsui &amp; Co. Moscow LLC General Manager of Service Division, Consumer Service Business Unit, MITSUI &amp; CO., LTD.</p> <p>Oct. 2012</p> <p>Apr. 2015      General Manager of Consumer Service Business Unit</p> <p>Apr. 2016      General Manager of Healthcare &amp; Service Business Unit</p> <p>Apr. 2017      Managing Officer of Retail Business Unit Executive Managing Officer and General Manager of Human Resources &amp; General Affairs Division</p> <p>Apr. 2021</p> <p>Apr. 2023      Senior Executive Managing Officer and General Manager of Human Resources &amp; General Affairs Division</p> <p>Apr. 2025      Advisor</p> <p>May 2025      Outside Director of the Company (current position)</p>	
<p>[Reasons for nomination as candidate for Director]</p> <p>In addition to his global experience in the lifestyle-related industries at a general trading company, Yoshiki Hirabayashi possesses a broad range of knowledge essential to the management of the Company, including consumer spending, fashion business, and branded business, as well as well-being management, human resource development, and enhancing human capital. He has demonstrated outstanding leadership since assuming the position of outside director in May 2025, and we believe he possesses the qualities necessary to lead the Company. He retired as an advisor to Mitsui &amp; Co., Ltd. in April 2026. Following approval of this proposal at this General Meeting, we expect him to assume the position of Representative Director Chief Executive Officer and President upon approval by the Board of Directors meeting to be held immediately after the conclusion of this General Meeting.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Ikuro Kato (January 4, 1961)  Reelection	<p>Apr. 1985      Joined the Company General Manager of EVEX DIV, Women's Attire Second Business Department, Business Headquarters</p> <p>July 2008      General Manager of First Planning DIV, Women's Attire Business Department, Business Headquarters</p> <p>July 2010      Managing Officer and General Manager of Women's Attire Planning Department, Private Product Management Business Department, Business Headquarters</p> <p>Jan. 2012      Managing Officer and General Manager of Business Development Department, Business Headquarters</p> <p>July 2014      Managing Officer and General Manager of Women's Attire Planning Department, Planning Management Business Department, Business Headquarters</p> <p>July 2016      Managing Officer and General Manager of Brand Business Department, Business Headquarters</p> <p>Jan. 2017      Managing Officer and General Manager of Second Business Headquarters</p> <p>Jan. 2019      Executive Managing Officer and General Manager of Business Headquarters</p> <p>Apr. 2020      Director, Executive Managing Officer, and General Manager of Business Headquarters</p> <p>May 2020      Director, Executive Managing Officer, General Manager of Business Headquarters, and General Manager of Digital Marketing Strategy Headquarters</p> <p>Apr. 2021      Director, Senior Executive Managing Officer, General Manager of Business Headquarters, and General Manager of Marketing &amp; Digital Strategy Headquarters</p> <p>Mar. 2022      Director and Executive Vice President, General Manager of Operation Headquarters, and General Manager of Business Headquarters (current position)</p> <p>Mar. 2024</p>	16,547 shares
<p>[Reasons for nomination as candidate for Director.] Since joining the Company, Ikuro Kato has served in the planning department, and has been involved in branding, product planning, production, and technology of the Company's major brands. He has the necessary experience and broad knowledge as a person in charge of the management of apparel companies. As the current Executive Vice President, General Manager of Operation Headquarters, and General Manager of Business Headquarters of the Company, he has led the business of the Company, such as the promotion of brand business and the expansion of business domains responding to diversified markets. The Company considers him a key person for achieving the Company's Medium-term Business Plan.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
4	<p>Chihiro Nihashi (January 26, 1954)</p> <p>Reelection Outside Independent</p>	<p>Apr. 1976      Joined Isetan Co., Ltd. Executive Officer and General Manager in charge of women's attire sales, MD</p> <p>June 2002      Administration Department, Department Store Business Planning &amp; Operation Headquarters Executive Managing Officer and General Manager of MD Administration Department, Department Store Business Planning &amp; Operation Headquarters</p> <p>June 2004      Senior Managing Executive Officer and General Manager of Department Store Business Planning &amp; Operation Headquarters</p> <p>Feb. 2006      Director, Senior Managing Executive Officer and General Manager of Department Store Business Planning &amp; Operation Headquarters</p> <p>June 2006      Director of Isetan Mitsukoshi Holdings Ltd. Representative Director, Senior Managing Executive Officer and General Manager of Department Store Business Planning &amp; Operation Headquarters of Isetan Co., Ltd.</p> <p>Apr. 2008      Senior Managing Executive Officer Representative Director and Executive</p> <p>June 2008      President of TOKYU DEPARTMENT STORE CO., LTD.</p> <p>Jan. 2010      Senior Managing Executive Officer of Isetan Mitsukoshi Holdings Ltd.</p> <p>Jan. 2010      Director and Chairman of TOKYU DEPARTMENT STORE CO., LTD.</p> <p>Apr. 2011      Director and Advisor of TOKYU DEPARTMENT STORE CO., LTD.</p> <p>Feb.2018      Special Advisor of TOKYU DEPARTMENT STORE CO., LTD.</p> <p>Apr.2019      Outside Director of the Company (current position)</p> <p>Apr. 2020      Honorary Advisor of TOKYU DEPARTMENT STORE CO., LTD.</p> <p>May 2020      Honorary Advisor of TOKYU DEPARTMENT STORE CO., LTD.</p> <p>Apr. 2022      Honorary Advisor of TOKYU DEPARTMENT STORE CO., LTD.</p>	
<p>[Reasons for nomination as candidate for outside Director and expected role, etc.]</p> <p>Chihiro Nihashi has been involved in department store management for many years and is well versed in the apparel and retail industry. His opinions and suggestions based on his extensive management experience in department stores and his vast knowledge of branding and marketing are beneficial in realizing the Company's Medium-term Business Plan, and he also contributes to stimulating discussions at the Board of Directors meetings. After his election, we expect him to appropriately perform his duties, such as making decisions on important management matters and supervising the execution of business. He retired from Isetan Mitsukoshi Holdings Ltd. in March 2015. He was not involved in the business execution of TOKYU DEPARTMENT STORE CO., LTD. after April 2020, and retired from office as Honorary Advisor to the company in March 2023.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	<p style="text-align: center;">Ikuo Yasuda (April 28, 1953)</p> <p style="text-align: center;">Reelection Outside Independent</p>	<p>Apr. 1977      Joined The Long-Term Credit Bank of Japan, Limited</p> <p>July 1998      Joined General Electric International Inc.</p> <p>Jan. 2000      Representative of Lehman Brothers Japan Inc.</p> <p>May 2003      Visiting Professor of Tama University Renaissance Center</p> <p>Sept. 2004      Established Pinnacle Inc., Representative Director and Chairman</p> <p>May 2005      Director of TAY TWO., LTD.</p> <p>Apr. 2006      Specially Appointed Professor of Kyushu University</p> <p>Nov. 2009      Representative Director, Chairman and President &amp; CEO of Pinnacle Inc. (current position)</p> <p>Mar. 2012      Director of The Tokyo New Business Conference</p> <p>Sept. 2015      Outside Director of HOUSE DO Co., Ltd. (currently &amp;Do Holdings Co., Ltd.)</p> <p>Oct. 2017      Advisor of Tokai Tokyo Financial Holdings, Inc.</p> <p>Apr. 2018      Senior Director of The Tokyo New Business Conference (current position)</p> <p>Apr. 2018      Member of Japan Association of Corporate Executives (current position)</p> <p>Dec. 2018      Director and Chairman of Pinnacle TT Solution Inc.</p> <p>Mar. 2019      Advisor of TKP Corporation</p> <p>May 2020      Outside Director of the Company (current position)</p> <p>Jan. 2021      Representative Director and President of MAfolova inc.</p>	
<p>[Reasons for nomination as candidate for outside Director and expected role, etc.]</p> <p>Ikuo Yasuda possesses extensive business experience in financial institutions in Japan and overseas. Drawing on his financial knowledge, he specializes in M&amp;A, business succession, and business restructuring. His knowledge in financial markets and M&amp;A is beneficial to the realization of the Company's Medium-term Business Plan for business growth. After his election, we expect him to appropriately perform his duties, such as making decisions on important management matters and supervising the execution of business. We also expect him to chair the Board of Directors and the Nomination and Compensation Committee (an optional committee).</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
6	<p style="text-align: center;">Kayo Murakami (September 16, 1967)</p> <p style="text-align: center;">Reelection Outside Independent</p>	<p>Sept. 1990      Joined AG Company</p> <p>Dec. 1996      Founded MK CONET Ltd.</p> <p>May 2001      Joined Netyear Group Corporation</p> <p>Mar. 2007      Joined Culture Convenience Club Co., Ltd.</p> <p>Sept. 2012      Joined Rakuten, Inc. (currently Rakuten Group, Inc.)</p> <p>Sept. 2013      Joined P.G.C.D. JAPAN, Inc.</p> <p>Oct. 2016      Joined Synapse co., ltd.</p> <p>June 2020      Outside Director of En-Japan Inc. (currently en Inc.)</p> <p>July 2020      Senior Partner and CEO of Kazu and Company LLC (current position)</p> <p>Apr. 2023      Advisory Fellow of IT Innovation and Strategy Center Okinawa (current position)</p> <p>May 2023      Outside Director of the Company (current position)</p> <p>June 2024      External Director (Audit &amp; Supervisory Committee Member) of PRESS KOGYO CO., LTD. (current position)</p> <p>June 2025      External Director of BUNKA SHUTTER CO., LTD. (current position)</p>	
<p>[Reasons for nomination as candidate for outside Director and expected role, etc.]</p> <p>Kayo Murakami specializes in digital marketing and digital transformation areas, and she is well versed in these areas. Her systematic understanding of management theory as an MBA, along with her knowledge of marketing and EC, will be beneficial to the realization of the Company's Medium-term Business Plan. In the restructuring of the Company's EC site, she provides necessary and accurate advice and recommendations from her professional perspective. After her election, we expect her to appropriately perform her duties, such as making decisions on important management matters and supervising the execution of business. We expect her to be a member of the Nomination and Compensation Committee (an optional committee).</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
7	Yoshiro Hamada (March 3, 1950)  New Outside Independent	<p>Apr. 1973      Joined Yagi Tsusho Limited</p> <p>Aug. 1990      Head of Milan Office</p> <p>June 1994      Head of Europe and America Division</p> <p>June 1999      Executive Officer in charge of the Imported Apparel Division and General Manager of the Osaka Brand Business Division</p> <p>June 2005      Director of Yagi Tsusho Limited, in charge of the Imported Apparel Division and Licensing Division</p> <p>Apr. 2008      Director of Yagi Tsusho Limited, Managing Director of Interbridge Co., Ltd.</p> <p>June 2009      Director of Yagi Tsusho Limited, Senior Managing Director of Interbridge Co., Ltd.</p> <p>June 2015      Executive Officer of Yagi Tsusho Limited, in charge of European and American Apparel and Asian Market Development</p>	
<p>[Reasons for nomination as candidate for outside Director and expected role, etc.]</p> <p>Yoshio Hamada has held key positions in the brand business at a trading company specializing primarily in the import of apparel, and has been involved in management as a director. With extensive experience at overseas offices, he has also served as the representative of the Company's overseas affiliate (in Italy). His deep understanding of the apparel and retail industries, along with his extensive experience and broad knowledge in product planning, branding, and international business, will be beneficial to the realization of the Company's Medium-term business plan. After his election, we expect him to appropriately perform his duties, such as making decisions on important management matters and supervising the execution of business. He retired from Yagi Tsusho Limited in June 2018.</p>			

- Notes:
1. There is no special interest between any of the candidates and the Company.
  2. Candidate Yoshiro Hamada is a candidate for a new Director.
  3. Candidates Chihiro Nihashi, Ikuo Yasuda, Kayo Murakami and Yoshiro Hamada are candidates for outside Directors.
  4. The Company has submitted notification to Tokyo Stock Exchange, Inc. (TSE) that candidates Chihiro Nihashi, Ikuo Yasuda and Kayo Murakami have been appointed as independent officers as provided for by the aforementioned exchange.
  5. The Company intends to appoint the candidate Yoshiro Hamada as an independent officer as provided for by TSE and submit notification to the exchange accordingly.
  6. Candidates, Chihiro Nihashi, Ikuo Yasuda, Kayo Murakami and Yoshiro Hamada, satisfy the "Independence Criteria for Outside Directors and Audit & Supervisory Board Members" established by the Company.
  7. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into agreements with candidates Chihiro Nihashi, Ikuo Yasuda, and Kayo Murakami to limit their liability for damages as outside Directors to the extent stipulated by laws and regulations. If their reelection is approved at this meeting, the Company plans to renew the respective agreements with Chihiro Nihashi, Ikuo Yasuda and Kayo Murakami.
  8. The Company intends to enter into an agreement with the candidate Yoshiro Hamada, if his election is approved at this general meeting, to limit his liability for damages as outside Director to the extent stipulated by laws and regulations pursuant to the provisions of Article 427, paragraph 1 of the Companies Act.
  9. The Company has entered into a directors and officers liability insurance policy with Directors, Audit & Supervisory Board Members, executive officers and management employees of the Company and the Company's subsidiaries as the insureds. The policy covers losses that may arise from all the insured Directors' assumption of liability incurred in the course of their performance of duties or receipt of claims pertaining to the pursuit of such liability. If the respective candidates are appointed as Director, they will continue to be covered by this insurance policy, and the Company also plans to renew the insurance policy with the same details during their terms of office.
  10. At En-Japan Inc. (currently en Inc.) (hereinafter "en Japan"), the candidate Kayo Murakami served as an outside director from June 2020 until her retirement in June 2024. It was discovered in May 2023 that the General Manager of en Japan's consolidated overseas subsidiary (a local company in China) Talent Alliance (Beijing) Technology Development Limited (hereinafter "Talent JV") had misappropriated the subsidiary's deposits for personal use. In addition, the investigation revealed that social insurance premiums had not been paid at Talent JV since 2006, the year en Japan invested in the company. Following the discovery of the misappropriation of deposits in May 2023, en Japan has investigated through a special investigation committee. en Japan received the investigation report from the committee in July 2023 and has since been working on the recurrence prevention measures it announced in August of the same year. Although Murakami was unaware of the above two facts before the discovery, she consistently advocated for legal compliance during board meetings and other meetings. After the above facts came to light, she fulfilled her responsibilities appropriately by

proposing measures to strengthen group governance and enhance the compliance system to prevent a recurrence during board meetings and other meetings.

11. The “Number of the Company’s shares owned” by candidates Shinji Oe and Ikuro Kato indicates the effective number of shares, including equities in the SANYO SHOKAI LTD. Officers’ Shareholding Society.
12. The officially registered name of candidate Kayo Murakami is Kayo Kanazawa.

**Proposal No. 3** Election of Two Audit & Supervisory Board Members

The terms of office of Audit & Supervisory Board Members Rokuichi Ito and Atsushi Fukuda will resign at the conclusion of this meeting. In this regard, the Company proposes the election of two Audit & Supervisory Board Members.

In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidates for Audit & Supervisory Board Members are as follows.

Candidate No.	Category	Name	Gender	Current position in the Company	Number of years in office	Attendance at meetings of the Board of Directors	Attendance at meetings of the Board of Auditors
1	Reelection	Rokuichi Ito	Male	Full-time Audit & Supervisory Board Member	8 years 2 months	16/16 (100%)	13/13 (100%)
2	New Outside Independent	Akihiro Otani	Male	-	-	-	-

Reelection: Candidate for Audit & Supervisory Board Member to be reelected

New: Candidate for Audit & Supervisory Board Members to be newly elected

Outside: Candidate for Outside Audit & Supervisory Board Member

Independent: Independent Audit & Supervisory Board Member as specified by Tokyo Stock Exchange, inc.

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned	
1	Rokuichi Ito (June 21, 1961)  Reelection	Apr. 1984	Joined the Company	1,303 shares
		July 2003	General Manager in charge of Human Resources Department, Personnel & Administration Headquarters	
		Feb. 2004	General Manager of Human Resources Department, Personnel & Administration Headquarters	
		July 2014	Managing Officer and Assistant General Manager of Accounting & Finance Headquarters	
		Apr. 2015	Managing Officer, Assistant General Manager of Accounting & Finance Headquarters and General Manager of Accounting Department	
		Jan. 2017	Managing Officer, Vice Director-General of Accounting & Finance Headquarters and General Manager of Accounting Department	
		Mar. 2018	Full-time Audit & Supervisory Board Member (current position)	
	[Reasons for nomination as candidate for Audit & Supervisory Board Member] Rokuichi Ito has been involved in personnel, accounting and finance of the Company and possesses extensive business experience and insight. He also has knowledge and capabilities for exerting appropriate supervision and audit functions. Accordingly, the Company again nominated him as a candidate for Audit & Supervisory Board Member.			
2	Akihiro Otani (September 16, 1961)  New Outside Independent	Oct. 1985	Joined Eiwa Audit Corporation (currently KPMG AZSA LLC)	
		Mar. 1999	Registered as a Certified Public Accountant	
		June 1999	Partner, Asahi Audit Corporation (currently KPMG AZSA LLC)	
		June 2006	Partner, KPMG AZSA LLC	
		July 2013	Managing Executive Director and Head of the Tokyo IT Audit Department	
		July 2018	Managing Executive Director and Head of the Internal Audit	
		July 2021 June 2024	Senior Managing Executive Officer Auditor, Japan Finance Corporation (current position)	
	[Reasons for nomination as candidate for Audit & Supervisory Board Member] Akihiro Otani has been involved in the management of audit firm as a managing executive director and has experience serving as an auditor. Given his professional expertise, extensive experience, and impeccable character and judgment, the Company has determined that he is capable of appropriately performing the duties of an outside Audit & Supervisory Board Member and have nominated him as a candidate for that position. He left KPMG AZSA LLC in June 2024.			

- Notes:
1. There is no special interest between any of the candidates and the Company.
  2. Candidate Akihiro Otani is a candidate for a new Audit & Supervisory Board Member.
  3. Candidate Akihiro Otani is a candidate for an outside Audit & Supervisory Board Member.
  4. The Company intends to appoint the candidate Akihiro Otani as an independent officer as provided for by TSE and submit notification to the exchange accordingly.
  5. Candidate Akihiro Otani satisfies the "Independence Criteria for Outside Directors and Audit & Supervisory Board Members" established by the Company.
  6. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with candidate Rokuichi Ito to limit his liability for damages as an Audit & Supervisory Board Member to the extent stipulated by laws and regulations. If his reelection is approved at this meeting, the Company plans to renew the agreement with him.
  7. If the election of candidate Akihiro Otani is approved at this meeting, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company plans to enter into an agreement with him to limit his liability for damages as an outside Audit & Supervisory Board Member to the extent stipulated by laws and regulations.

8. The Company has entered into a directors and officers liability insurance policy with Directors, Audit & Supervisory Board Members, executive officers and management employees of the Company and the Company's subsidiaries as the insureds. The policy covers losses that may arise from all the insured's assumption of liability incurred in the course of their performance of duties or receipt of claims pertaining to the pursuit of such liability. If the candidates are appointed as an Audit & Supervisory Board Member, they will continue to be covered by this insurance policy, and the Company also plans to renew the insurance policy with the same details during their terms of office.
9. The "Number of the Company's shares owned" by candidate Rokuichi Ito indicates the effective number of shares, including equities in the SANYO SHOKAI LTD. Officers' Shareholding Society.

■ (Reference) Skill Matrix of the Directors and Audit & Supervisory Board Members (Scheduled) after the Annual General Meeting of Shareholders

<Skills Required for the Board of Directors>

The criteria for the appointment of a Director and an Audit & Supervisory Board Member of the Company stipulate that they must possess the appropriate character and knowledge for a Director and an Audit & Supervisory Board Member, sufficient experience and expertise to contribute to the continuous enhancement of corporate value, insight and ability to supervise management, and the ability to analyze and make judgments in an objective manner.

Meanwhile, the long-term goals set out in our Medium-term Business Plan (covering the fiscal year ending February 28, 2026 to the fiscal year ending February 28, 2028) are to “strive to be a top performer with a dominant presence and competitive edge in the upper-middle market” and to “execute new growth strategies to expand business scale and optimize portfolio.” To achieve these long-term goals, we have formulated a three-year plan using a backcasting approach. This approach focuses on sustaining organic growth and promoting a new growth strategy that includes M&A, a brand strategy, and a channel strategy.

In order to accomplish this plan and at the same time maintain a high level of transparency in management, we believe that the composition of the Board of Directors should have the following skills.

<Definition of the selected skill>

Corporate Management Experience	Management experience or knowledge and experience in corporate governance
Knowledge of the Industry and Retail in General	Knowledge of the apparel industry and business experience in retail such as department stores, company-operated stores, and outlets required to drive our channel strategy
Branding	Knowledge in the area of branding, including expressing brand philosophy and brand value enhancement necessary to promote our brand strategy, as well as business experience required to expand our licensing business
Product Planning Production and Technology	Knowledge in product planning and production to create high-quality, high-grade, high-value-added products (which is one of our strengths), as well as in the technology and quality control fields that support this planning and production
Marketing CRM	Extensive knowledge in marketing and CRM (Customer Relationship Management) expertise required to drive our marketing strategy
EC OMO	Extensive knowledge of the EC sector, cross-border EC, and inbound support necessary to establish a mutually complementary system between EC and brick-and-mortar stores (OMO: online and offline integration) in order to promote our EC strategy
International Experience Overseas Business	International experience and knowledge of overseas business (including the licensing business) necessary to consider future overseas business development
Financial Markets M&A	Expertise in financial markets necessary to manage a prime market listed company and knowledge of M&A as a tool of a future growth strategy
Legal Compliance	Expertise in the legal field or experience in a leadership role in the field
Finance/Tax/Accounting	Expertise in the financial, tax, or accounting field or experience in a leadership role in the field
HR Strategy/ HR Development	Knowledge required for implementing measures to strengthen investment in human capital. These measures include improving overall strength by maximizing individual competencies and creating synergy through the optimal use of these competencies, as well as integrating diverse knowledge and experiences.

The knowledge, experience and skills that the Directors and Audit & Supervisory Board Members (Scheduled) after the Annual General Meeting of Shareholders possess are as follows.

	Director							Audit & Supervisory Board Member		
	Shinji Oe	Yoshiki Hirabayashi	Ikuro Kato	Chihiro Nihashi	Ikuro Yasuda	Kayo Murakami	Yoshiro Hamada	Rokuichi Ito	Somuku Iimura	Akihiro Otani
Outside/Independent				Outside Independent	Outside Independent	Outside Independent	Outside Independent		Outside Independent	Outside Independent
Committees, etc.	Member of the Nomination and Compensation Committee				Chairman of the Board of Directors Member of the Nomination and Compensation Committee	Member of the Nomination and Compensation Committee		Chairman of Audit & Supervisory Board		
Corporate Management Experience	✓	✓	✓	✓	✓	✓	✓			
Knowledge of the Industry and Retail in General	✓	✓	✓	✓			✓	✓		
Branding	✓	✓	✓	✓			✓			
Product Planning/Production and Technology	✓		✓				✓			
Marketing/CRM	✓	✓	✓	✓		✓				
EC/OMO		✓	✓			✓				
International Experience/Overseas Business	✓	✓			✓		✓			
Financial Markets/M&A	✓	✓			✓					
Legal/Compliance	✓	✓	✓					✓	✓	✓
Finance/Tax/Accounting	✓	✓			✓			✓	✓	✓
HR Strategy/HR Development	✓	✓								

\* Somuku Iimura was elected and assumed office as an Audit & Supervisory Board Member at the 81st Annual General Meeting of Shareholders.

\* This skill matrix does not represent all of the knowledge, experience, and skills of the Directors (candidates) and Audit & Supervisory Board Members (candidates).

<Proposal by Shareholders (Proposal No. 4)>

Proposal No. 4 is a proposal submitted by one of our shareholders.

The details and reasons for this proposal are described in the original form submitted by the proposing shareholder.

As stated below, the Company's Board of Directors opposes this shareholder proposal.

Our opposing opinion regarding this shareholder proposal is detailed on page 19.

#### **Proposal No. 4**            Appropriation of Surplus (Special Dividend)

##### 1. Details of the proposal

The special dividends shall be paid as follows:

(1) Type of dividend property

To be paid in cash

(2) Matters concerning the allotment of dividend property and the aggregate amount

A dividend of 1,200 yen per share shall be paid in addition to the dividend amount per share of common stock (if any) based on the proposal for the appropriation of surplus submitted by the Company and approved at the 83rd General Meeting of Shareholders.

The amount of the special dividend to be paid in accordance with the Agenda shall be the amount obtained by multiplying the dividend amount per common stock by the number of shares entitled to receive dividends as of 31 August 2026.

(3) Effective date of distribution of surplus

31 August 2026

(4) Commencement date of dividend payment

16 September 2026

##### 2. Reasons for the proposal

This proposal is intended to seek shareholder approval for the implementation of a special dividend in conjunction with a stock split, in light of the Company's plan to conduct a stock split with a record date of 31 August 2026.

As a financial and management challenge for the Company, the Company's ROE has substantially continued to be below the cost of capital, and the elimination of excess capital is an urgent matter. The Company's share price has been kept low due to its existence of excess capital. By implementing this special dividend, the Company is expected to eliminate its excess capital and significantly improve capital efficiency.

By implementing this special dividend, the Company's pro-forma ROE after deducting extraordinary income is expected to improve from the current 6% to approximately 8%, and is expected to stably exceed the cost of capital. As a result, the evaluation of the Company in the stock market will improve further, which is expected to contribute to the enhancement of the Company's corporate value. In addition, by implementing a special dividend in conjunction with the share split would serve as a signal to the market that the Company has sufficient earning power, stable dividend payment capability, and confidence in its future growth.

The implementation of this special dividend will not adversely affect the Company or its future business outlook. Moreover, the implementation of this special dividend will not impair the Company's ability to maintain solvency requirements, provide services to customers, or fulfil its obligations to stakeholders.

(Note)The above is a verbatim reproduction of the details and rationale of the proposal submitted by the proposing shareholder.

Opposition	The Board of Directors opposes the Shareholder Proposal from the following perspectives.
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The Company opposes the Shareholder Proposal from the following perspectives.

In the “Medium-Term Business Plan (MTBP) to Fiscal 2028” announced on 14 April 2025 and “Progress of Medium-Term Business Plan” announced on 14 April 2026 (MTBP, etc.), the Company has disclosed its capital strategy as well as its future growth strategy. Among these, the Company sets out the following policies with respect to its investment plan during the period of the MTBP, etc.

1. Regarding growth investment, in addition to expanding existing business through organic growth, the Company aims to actively pursue new growth strategies, including the development of new brands, overseas expansion, and the acquisition of new business rights through M&A and other means. Therefore, the Company intends to expand investment for these purposes.
2. With respect to employee returns, the Company is proactively investing in human resource development and personnel infrastructure development, and has already implemented specific measures such as the granting of restricted stock (RS) to employees through the employee stock ownership plan.
3. In terms of shareholder returns, the Company has adopted DOE as its target indicator for dividends, and has gradually increased the level from 2% to its current level of 4%. As a result, the annual dividend per share has risen year by year from 55 yen for the fiscal year ended February 2023 to 139 yen for the fiscal year ended February 2026, and is forecast to be 147 yen<sup>1\*</sup> for the fiscal year ending February 2027. In addition, under the policy of considering further enhancement of shareholder returns based on business performance, the Company has conducted repurchases of treasury shares on three occasions since March 2022 (totaling approximately 2.01 million shares for a total amount of approximately 5.09 billion yen) in an effort to improve EPS.

1. For ease of comparison, this figure is calculated on a pre-stock split basis, without taking into account the stock split scheduled to be implemented on 1 September 2026. (see page 23).

With regard to improvements in ROE and PBR, the Company has announced a policy in the MTBP, etc. to maintain and further improve ROE to exceed the cost of shareholders' equity through the execution of various measures. At the same time, the Company aims to improve PBR by strengthening IR activities and steadily implementing the MTBP. For ROE, the Company's policy is to maintain 10% for the time being, assuming extraordinary income from the sale of strategic shareholdings and other factors. As a long-term goal, the Company aims to achieve ROE of 10% on a basis that does not assume such extraordinary income. On the other hand, to improve PBR and further enhance corporate value, the Company believes that it is essential to increase investors' expectations for future growth and lead to an improvement in PER, in addition to continuing efforts to increase ROE. For this reason, the Company believes that it is necessary not merely to achieve an apparent improvement in capital efficiency through a temporary reduction in shareholders' equity, but to strengthen the Company's sustainable earning power so as to lead to improved market evaluation. Going forward, the Company will continue to steadily implement the measures set in the MTBP, such as the growth of existing businesses, the development of new brands, overseas expansion, and M&A, to increase the certainty of earnings growth.

Meanwhile, if an additional special dividend of 1,200 yen per share were paid as proposed in the Shareholder Proposal, the Company's Board of Directors judges that this would risk hindering the execution of growth investment planned by the Company, and that it is also anticipated that the net asset value per share would decrease by approximately 30%. Therefore, from the perspective of enhancing the Company's medium- to long-term corporate value and shareholder interests, the Company's Board of Directors has determined that the Shareholder Proposal is inappropriate. The Company's Board of Directors is convinced that improving corporate value over the medium to long term by achieving sustainable growth through growth investment, rather than short-term returns, will, as a result, lead to an increase in shareholder value.

Accordingly, the Company's Board of Directors opposes the Shareholder Proposal.

## Business Report (March 1, 2025 – February 28, 2026)

### 1. Current Condition of Sanyo

#### (1) Outline of operations and operating results

During the fiscal year under review, the Japanese economy remained on a recovery track, albeit at a slow pace, supported by strong corporate performance and persistently accommodative monetary conditions, despite growing uncertainty stemming from factors such as U.S. tariff policies and rising resource prices. Meanwhile, the consumer market continued to perform sluggishly as consumer sentiment declined and thrift-mindedness increased due to uncertainty regarding the outlook for domestic and international political and economic conditions, as well as persistent inflation.

The apparel and fashion industry continues to experience a downturn in the mid-to-high-end market, primarily in department stores. This is due to factors such as the impact of unusual weather conditions, a decline in inbound demand following the Chinese government's call for travel restrictions, and a cooling of consumer sentiment, while some luxury brands and low-priced apparel continue to perform well.

Under these circumstances, the Group has been striving to “secure net sales and improve gross profit margins,” “control SG&A expenses,” and “strengthen product appeal and sales capabilities” in accordance with the basic policies of its Medium-term Business plan to Fiscal 2028 released on April 14, 2025. However, during the first half of the fiscal year under review, net sales remained below the previous year's levels due to the impact of deteriorating market conditions and unusual weather conditions. In the second half of the fiscal year, although sales of heavy-weight clothing picked up as temperatures dropped, leading to a recovery to levels exceeding those of the previous year, full-year results fell significantly short of the previous year's performance. Regarding gross profit margin, the proportion of full-price sales declined and fell below the previous year's level as a result of intensified discount sales aimed at reducing excess inventory caused by sluggish sales. Regarding SG & A expenses, we continued company-wide cost-cutting efforts amid persistently sluggish sales and managed to keep them below the previous period's level, while ensuring investments in human resources, new brands, and new stores. However, these efforts were insufficient to fully offset the decline in gross profit stemming from lower sales a decrease in gross profit margin, leading to a year-on-year decrease in operating profit.

As a result, for the fiscal year under review, the Group recorded net sales of ¥58,448 million, operating profit of ¥1,298 million, ordinary profit of ¥1,436 million, and profit attributable to owners of parent of ¥4,113 million.

#### Net sales by division

Category	Net sales (millions of yen)	Composition ratio (%)
Men's clothing	23,665	40.5
Women's clothing	30,740	52.6
Accessories and others	4,042	6.9
Total	58,448	100.0

#### (2) Capital investment

Capital investments for the fiscal year under review totaled ¥1.538 billion due to investments related to store facilities associated with new store openings.

#### (3) Financing

During the fiscal year under review, the Company refinanced its long-term borrowings. As of February 28, 2026, the balance of borrowings stood at ¥7.325 billion.

#### (4) Major corporate reorganization, etc.

None.

#### (5) Issues to be addressed

##### <Future outlook>

The future outlook for the apparel and fashion industry is expected to continue facing uncertainty due to factors such as inbound demand, trends in the mid-to-high-end market, fluctuations in exchange rates and resource prices, and weather conditions. While a recovery in demand is anticipated against the backdrop of improving real income levels, we recognize that uncertainty remains and the situation cannot be viewed with optimism. Amid these circumstances, the Group will adjust the course of its “Mid-Term Business Plan to Fiscal 2028” released on April

14, 2025, and strengthen the foundation for renewed growth. In addition to pursuing organic growth through the revitalization of existing businesses, we will systematically execute strategic investments aimed at securing new market areas, with the goal of recovering from the shortfall in the fiscal year ending February 2026. Additionally, we will strive to achieve our long-term targets of ¥100 billion in net sales, a 10% operating margin, and a 10% return on equity (ROE), and we will continue to “strive to be a top performer with a dominant presence and competitive edge in the upper-middle market.”.

For FY2027, the Company will implement targeted measures to address internal challenges that contributed to the previous year’s sales slump, including the product lineup of our flagship brands, a decline in non-member customers, and shrinking sales through department store channels. For our flagship brands, we will focus on returning to our roots and expanding successful business models. In terms of products, we will work to further strengthen our suits and furnishings and develop entry-level products. To address the decline in non-member customers, we will focus on acquiring new members and strengthening our visual merchandising and customer service capabilities. In terms of channels, we will promote the development of sales channels outside of department stores.

For the full-year forecast for FY2027, the Company projects net sales of ¥60 billion, operating profit margin of ¥2.1 billion (operating profit margin of ¥2.3 billion excluding the impact of the partial sale of head office land and the rebuilding of the head office building), ordinary profit of ¥2.0 billion, and profit attributable to owners of the parent of ¥4.02 billion.

## <Progress of Medium-term Business Plan (FY2026–FY2028)>

### Mission (= Corporate Philosophy)

We create social value by providing fashion and apparel that enrich the lifestyles of customers everywhere.

### Vision

We aim to become an excellent company that can contribute to the realization of a sustainable society with the ability to create high value and solid profitability.

### Value

Skills to create high-quality, high-grade, and high-value-added products

Excellent brand portfolios with the ability to accomplish brand business targets

Employees with creative skills and high ethical values

Executives with excellent management skills under efficient management systems.

## 1. Long-term Targets and Medium-term Business Plan to Fiscal 2028

The Company has set the following long-term targets: to achieve net sales of ¥100 billion, an operating profit margin of 10%, and ROE of 10%; strive to be a top performer with a dominant presence and competitive edge in the upper-middle market. To this end, a three-year Medium-term Business Plan has been formulated using a backcasting approach. However, due to factors such as changing weather conditions and increasing uncertainty in domestic and international political and economic conditions, a significant gap has emerged between the assumptions regarding the business environment and market growth made at the time of formulating the Medium-term Business Plan and the current situation the first year. Based on this progress, we have determined that while maintaining the direction of our long-term targets, it is necessary to revise the quantitative plans for the second and third years. In the revised Medium-Term Business Plan, we have set quantitative targets of net sales ¥62 billion and operating profit margin of ¥1.3 billion (¥2.5 billion excluding the impact of the partial sale of head office land and the rebuilding of the head office building) for the final year FY2028. To achieve these, we will implement targeted measures to address the internal challenges identified as factors contributing to the previous period's sluggish sales.

## 2. Approach to Long-term Targets

### **Sustainable organic growth**

The Company aims to reach net sales of ¥62 billion and a gross profit margin of 62.3% by FY2028. To achieve this, we will continue implementing the following initiatives to improve gross profit margin, including expanding sales locations by accelerating new store openings; maintaining sales momentum through the launch of new EC-exclusive brands; controlling the procurement cost ratio; improving the full-price sales ratio; and managing inventory more efficiently. In addition, we will develop core products, strengthen our light/medium-weight clothing, and expand our lineup of entry-level price products to better appeal to non-member customers.

### **New growth strategies/M&A**

Regarding new growth strategies beyond organic growth, the Company will expand existing brands into new business domains, develop new private brands, expand overseas, and pursue M&A opportunities. In terms of new brand development, we plan to launch AUREME from 2026 autumn/winter, with retail facilities as its primary sales channel, and HANAE MORI in 2027.

### **Branding strategy**

With our seven core brands, we aim to establish a solid business and revenue base by enhancing brand value and rapidly building a structure capable of achieving ¥10 billion in net sales per brand. Brands currently classified as “challenges” will focus on establishing a profitable revenue base during the medium-term business plan period, with the aim of becoming future “growth engines” alongside the launch of new brands.

### **Channel strategy**

For our primary sales channel, department stores, the Company will continue to strengthen store openings by capturing new customer segments, enhancing the in-store environment, and improving operational efficiency. As for directly managed stores, we will further elevate brand value by launching flagship stores for our core brands. We will also raise the overall standard of our brands by making the EC channel as a full-price site and establishing a mutually complementary system with physical stores. We will strengthen new outlet store openings in accordance with our brand strategy, with clear differentiation of roles between outlet and full-price sales channels.

For more details on the Medium-Term Business Plan to Fiscal 2028, please visit our website: *Investors>Management Policy>Medium-Term Business Plan.*  
(<https://www.sanyo-shokai.co.jp/en/ir/management/medium-term/>)

## <Basic Approach to Capital Strategies>

We aim to improve our price-to-book ratio (PBR) by maintaining and further improving a return on equity (ROE) that exceeds our cost of equity, intensifying our investor relations (IR) efforts, and executing the initiatives outlined in our Medium-term Business Plan. Our goal is to maintain ROE at 10% or higher under normal conditions. To reach this goal, the Company will pursue profit growth by implementing growth strategies based on a solid portfolio anchored by our seven core brands, complemented by new growth strategies and M&A initiatives. In parallel, we will continue to enhance shareholder returns by gradually increasing dividend payments and buying back own shares. In addition, we will actively allocate the cash accumulated through maximized profits to enhancing growth investments, returns to employees, and shareholder returns, thereby optimizing capital allocation.

### 1. Basic policy on distribution of profits

The Group considers shareholder returns as one of its key management priorities and has been steadily increasing dividend payments in line with the policy of enhancing shareholder returns outlined in the PBR Improvement Plan announced on October 6, 2023. While we have historically paid annual dividends at the end of the fiscal year through the fiscal year ending February 2025, we have decided to pay an interim dividend in addition to a year-end dividend, starting from the fiscal year ending February 28, 2026.

For the fiscal year under review, we plan to pay an annual dividend of ¥139 per share, representing a dividend on equity (DOE) of 4%. Of this amount, we have already paid an interim dividend of ¥69 per share, and we plan to pay a year-end dividend of ¥70 per share. For the next fiscal year, we also plan to maintain a DOE of 4%, with an interim dividend of ¥72 per share and a year-end dividend of ¥25 per share. (The Company plans to conduct a three-for-one stock split of its common stock effective September 1, 2026. If calculated based on the number of shares prior to the stock split, the year-end dividend would be ¥75 per share, and the annual dividend would be ¥147 per share.)

### 2. Buyback and cancellation of treasury shares

In accordance with the Group's policy of strengthening shareholder returns, and with the aim of enhancing shareholder returns and improving capital efficiency, we repurchased 519,400 shares of our common stock, totaling ¥1,718,368,000, during FY2026. In addition, we canceled 2,425,900 shares of our common stock. We will continue to consider the acquisition of treasury shares on a case-by-case basis in accordance with our business performance starting from FY2027.

### 3. Reduction of cross-shareholdings

Each year, the Board of Directors reviews the economic rationale for respective shareholdings in light of the Company's cost of capital and the risks associated with continued ownership, after confirming the purposes of the holdings, current dividend payments, share prices, and other relevant factors. Based on the results of this review, we will gradually phase out shares deemed to be of lower strategic importance, considering the circumstances of the investee companies.

According to this policy, we sold a portion of our shareholdings in February 2026. As a result, the balance of cross-shareholdings as of February 28, 2026, accounted for 18.1% of consolidated net assets. We intend to continue reducing cross-shareholdings gradually over the course of the Medium-term Business Plan to Fiscal 2028.

### 4. Implementation of a Stock Split

The Group has decided to conduct a stock split with a record date of August 31, 2026, with the aim of improving stock liquidity and increasing the number of new shareholders by creating an environment that facilitates investment through a reduction in the price per share. The Company's common stock held by shareholders listed or recorded in the shareholder register as of the close of business on that date will be split on a three-for-one basis. Please note that the amount of capital will remain unchanged following this stock split.

### 5. Expansion of the Shareholder Benefit Program

In conjunction with the stock split with a record date of August 31, 2026, the Group will change its Shareholder Benefit Program to stimulate interest in investing in our stock and to encourage more shareholders and investors

to hold our stock for the long term. Under the new Shareholder Benefit Program, in addition to continuing to offer shareholder special sale as before, we will grant SANYO MEMBERSHIP (SMS) points usable for purchasing our products based on the number of shares held and the holding period. The effective date of the change is August 31, 2026. The revised criteria will apply to shareholders listed or recorded in the shareholder register as of that date, based on the number of shares held after the stock split on September 1, 2026.

For more details on changes to the shareholder benefit program, please visit our website: *Investors > Shareholder and Stock Information > Shareholder Benefits*.

(<https://www.sanyo-shokai.co.jp/en/ir/shareholder/treatment/>)

## <Sustainability policies and initiatives>

### 1. Material Issues

The fashion industry in particular faces a diverse range of environmental and social challenges, including climate change caused by global warming; responsible sourcing of materials, which are deeply related to human rights concerns; the shift toward a circular economy; and the transition to human capital management. To play a role in addressing these challenges, the Group has identified four material issues: contribution to a sustainable global environment, efforts toward a circular economy, further promotion of CSR procurement, and promotion of human capital management. We conduct annual reviews to ensure these reflect evolving environmental conditions. In addition, we identify the risks and opportunities associated with each materiality, strive to mitigate risks, and aim to achieve a sustainable society and the company's continued growth by creating new business models that address environmental and social challenges.

### 2. Sustainability Management System

Recognizing the importance of responding to issues related to sustainability, the Group has established a Sustainability Committee directly under the Management Committee to formulate action plans and monitor progress in response to environmental and social issues facing the Group.

The Senior Executive Managing Officer and General Manager of Corporate Management HQ chairs the Sustainability Committee. The heads of major departments serve as committee members, and a full-time Audit & Supervisory Board Member always attends as an observer, while the Sustainability Promotion Office is in charge of the secretariat. The matters discussed by the committee are decided and approved by the Management Meeting, and are regularly reported to the Board of Directors to ensure appropriate oversight by the Board of Directors.

During FY2025, the Committee met eleven times and reported ten times to the Management Meeting and six times to the Board of Directors.

### 3. Sustainability Initiatives

Guided by our Basic Policy on Sustainability and its related policies—the Environmental Policy, Human Rights Policy, and Human Capital Policy—the Group has established quantitative targets for each of the four material issues identified in our medium-to-long-term vision and is promoting individual action plans to achieve them. In promoting these action plans, we encourage every employee to take ownership of these issues as their own, while also fostering collaboration with partner companies to address major challenges across the entire supply chain.

#### (1) Climate change: Materiality—“Contribution to a Sustainable Global Environment”

We have set a long-term target of achieving net-zero greenhouse gas (GHG) emissions for Scope 1 and Scope 2 by FY2050. In March 2025, we obtained SBT (Science Based Targets) certificate and redefined our medium-term emission reduction targets in alignment with the standards set by the Paris Agreement. Specifically, we aim to reduce Scope 1 and 2 emissions by 52% and Scope 3 (Category 1, 3, 4, and 12) emissions by 30% by FY2030 (compared with FY2019). In addition, to enhance the reliability of our emissions data, we have continued to obtain third-party verification reports for our GHG emissions data starting from FY2023. We continue to implement initiatives to reduce GHG emissions, such as reducing waste, gradually switching to environmentally friendly materials, and undertaking collaborative efforts across the supply chain.

#### (2) Recycling of materials: Materiality—“Efforts Toward a Circular Economy”

The Group launched the “SANYO RE: PROJECT” in FY2024 to consolidate our 3R (reduce, reuse, recycle) initiatives. Under this project, we began collecting used clothing for reuse and started selling certified reuse products under the brand name “RE: SANYO.” In FY2026, we have set a new KPI of achieving a 10% collection rate (by FY2031) relative to the number of items produced in the previous fiscal year, and we will continue to advance our initiatives to achieve both a contribution to a circular society and a sustainable business model.

To reduce the environmental impact of our logistics and store operations—including CO<sub>2</sub> emissions, resource consumption, and waste generation—we have been promoting 3R initiatives for plastics.

(3) Human rights: Materiality—“Further Promotion of CSR Procurement”

To ensure respect for human rights in the production process, we established the SANYO Code of Conduct in FY2019 as our foundational guidelines. In line with these guidelines, we conduct factory audits through third-party institutions covering approximately 90% of our production volume. Based on the audit results, factories are ranked and provided with guidance for improvement. Through this process, we promote CSR procurement which prioritize ethical and socially responsible practices.

As part of our human rights due diligence efforts, the Group enhanced the Sanyo Alarm System (Compliance Hotline System) in FY2024 by establishing an external whistleblowing channel, and became an official signatory to the United Nations Global Compact, affirming our support for its 10 principles in four areas (human rights, labor, the environment, and anti-corruption).

(4) Human capital: Materiality—“Promotion of Human Capital Management”

The Group have formulated the human capital policy based on our belief that strengthening human capital is a critical management priority in enhancing corporate value. Sanyo strives to maximize individual capabilities through the development of professional human resources, and to enhance overall capabilities through the creation of synergies through the maximization of individual capabilities through the development of personnel infrastructure and the integration of diverse knowledge and experience. We will support employees with diverse backgrounds to maximize their abilities and create an environment in which each individual can play an active role.

In September 2025, following the formulation of the Group’s Medium-Term Business Plan, we reassessed the importance of human capital management and updated the materiality “creating a rewarding workplace that respects diversity” to the broader materiality “promotion of human capital management.”

#### 4. Key Indicators, Targets, and Progress

The following table shows the key indicators and targets for the four material issues the Group has identified, along with our progress to date.

Material issues	KPIs	Target	Target year	FY2025 Results
Contribution to a sustainable global environment	Scopes 1 & 2 GHG reduction*1	52% reduction Compared to FY2019	2030	38% reduction
		Net zero	2050	
	Scope 3 GHG reduction*1 (Category 1, 3, 4, and 12)	30% reduction Compared to FY2019	2030	30% reduction

\*1 GHG reduction rate is the actual result for the previous fiscal year.

Material issues	KPIs	Target	Target year	FY2025 Results
Efforts toward a circular economy	Collection rate relative to the number of items produced in the previous fiscal year*2	10%	2031	3.6%
	Material recycling rate of plastic packaging for hanger covers and cut-and-sew knitwear	50%	2030	22.2%
Further promotion of CSR procurement	CSR factory audits–Ratio of rank-A factories	At least 90%	2030	87.0%
Promotion of human capital management	Ratio of women in managerial positions*3	20%	2026	14.9%
	Ratio of men taking childcare leave*3	100%		100%
	Gender wage gap (women's salary as a percentage of men's salary / All job types)*3	72%		72.2%

\*2: Set as a new KPI in FY2026

\*3: Ratio of women in managerial positions, ratio of men taking childcare leave, and gender wage gap are based on standalone actual data.

The Group remains committed to advancing our business with the goal of contributing to the realization of a sustainable society through company-wide initiatives.

For the latest updates on our sustainability efforts, please visit the Sustainability section of our website. (<https://www.sanyo-shokai.co.jp/en/sustainability/>)

#### <Risk factors>

The Group recognizes the following risks as significant to its business operations and is committed to establishing appropriate management systems and implementing preventive and mitigating measures.

##### 1. Key risks

###### (1) Price volatility risk of raw materials

The prices of textile raw materials and ancillary components used by the Group are affected by international market conditions, exchange rate fluctuations, and changes in the supply-demand balance in the regions where these materials are produced. Should there be sudden and significant price fluctuations, this could lead to an increase in product costs, potentially resulting in lower profit margins and impacting sales plans. While the Group is implementing measures such as securing multiple procurement sources, reviewing its procurement portfolio, and ensuring appropriate pricing, prolonged market volatility could impact our financial condition, operating results, and cash flows.

###### (2) Risks associated with uncertainty in the global supply chain

The Group's production sites are mainly located in China and other Asian countries. In these regions, events that could affect product supply—such as political or economic instability, changes in labor conditions, stricter laws and regulations, outbreaks of infectious diseases, natural disasters, or disruptions to logistics networks—may occur. Should a significant disruption occur in the supply chain, it could impact the Group's financial condition,

operating results, and cash flows due to delays in product supply and increased procurement costs.

## 2. Other risks

### (1) Pandemic risk

In light of the restrictions on store operations and changes in consumer behavior resulting from the COVID-19 pandemic, the Group has been implementing measures to ensure employee safety, manage hygiene, and strengthen business continuity plans. However, the emergence or spread of new infectious diseases, or the resurgence of existing ones, could lead to shorter store hours, a decline in customer numbers, or delays in logistics, all of which may adversely affect the Group's financial condition, operating results, and cash flows.

### (2) Fashion trend risk

Fashion apparel, which constitutes the mainstay of the Group's product offering, is highly sensitive to shifts in consumer preferences and trends. The Group has analyzed market trends and has sought to capture consumer needs to develop products that cater to trends. Nevertheless, unexpected or rapid changes in consumer preferences and trends may lead to increased inventory risk and lost sales opportunities, which could have a material adverse impact on the Group's financial condition, operating results, and cash flows.

### (3) Brand licensing risk

The Group has entered into licensing agreements with several international brands to manufacture and sell their products. These licensed brands represent a significant portion of the Group's net sales and are strategically important to its business. While the Group strives to maintain strong relationships with licensors, changes in contract terms, termination of agreements, or a deterioration in the market competitiveness of the licensed brands could have a material adverse impact on the Group's financial condition, operating results, and cash flows.

### (4) Climate change and extreme weather risk

Demand for fashion apparel is seasonal and highly influenced by weather patterns. While the Group develops production and sales plans based on weather data to manage inventories effectively, extreme weather, such as cooler summers or warmer winters, can reduce demand for seasonal items and lead to excess inventory, which potentially have an adverse impact on the Group's financial condition, operating results, and cash flows. In addition, the Group promotes sustainability initiatives in response to tightening environmental regulations and heightened consumer awareness of climate change. However, if these efforts are perceived as insufficient, the Group may face reputational risks and a decline in competitiveness.

### (5) Foreign exchange fluctuation risk

The Group engages in overseas production and procurement, so fluctuations in foreign exchange rates affect its procurement costs. Since exchange rate trends also affect the translation of our overseas subsidiaries' financial results, any sudden fluctuations could impact the Group's financial condition, operating results, and cash flows. While we implement risk hedging measures such as foreign exchange forward contracts, it is difficult to completely eliminate the impact of sudden fluctuations in foreign exchange rates.

### (6) Product quality and safety risk

The Group has established a quality control system to ensure product safety. However, unexpected quality defects or product liability incidents could result in product recall costs, damage to brand reputation, and loss of public trust. Such events may have a material adverse impact on the Group's financial condition, operating results, and cash flows.

### (7) Information security risk

The Group maintains substantial amounts of customers' personal information. While the Group takes several measures to protect such information by formulating and putting in place internal regulations, providing employees with training, and strengthening system security, a data breach caused by unauthorized access or cyberattacks could lead to compensation for damages, administrative penalties, or damage to our reputation. Such incidents could have a material adverse impact on the Group's financial condition, operating results, and cash flows.

### (8) Legal, regulatory, and compliance risk

The Group is required to comply with all applicable laws and regulations in the countries and regions where it operates, both domestically and internationally. While the Group continuously works to enhance its compliance framework and provide employee training, any inappropriate conduct or violation of laws and regulations may result in administrative sanctions, legal sanctions such as fines, a loss of public trust, and restrictions on business activities. Such events could have a material adverse impact on the Group's financial condition, operating results,

and cash flows.

In addition to the ten risks outlined above, the Group's business activities may also be affected by changes in the external environment, such as geopolitical risks, fluctuations in financial markets, natural disasters, and major accidents. Recognizing these potential risks, the Group has sought to minimize their likelihood and mitigating their impact.